Members of the Legislative Assembly Pension Plan

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 1988

Alberta
TREASURY

Members of the Legislative Assembly Pension Plan

ANNUAL REPORT

for the fiscal year ended March 31, 1988

89-06004/

Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

June 1989

The Honourable Dr. David Carter
Speaker of the Assembly

Sir:

Pursuant to section 4 of the Members of the Legislative Assembly Pension Plan Act, being Chapter M-12.5 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1988.

Respectfully submitted,

Dick Johnston
Provincial Treasurer

Alberta
TREASURY

442 Terrace Building, 9515 - 107 Street, Edmonton, Alberta, Canada T5K 2C3 403/427-4106

June 1989

The Honourable Dick Johnston
Provincial Treasurer

Sir:

In accordance with section 4 of the Members of the Legislative Assembly Pension Plan Act, I have the honour to transmit herewith the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1988, to be laid by you before the Legislative Assembly.

The annual report includes a statement of the most recent estimate of the actuarial liabilities of the Plan as required by section 4(2) of the Act.

Respectfully submitted,

A. D. O'Brien
Deputy Provincial Treasurer
Management and Control

TABLE OF CONTENTS

	Page
Introduction	2
Plan Overview	2
Review of Operations	2
Actuarial Liabilities	3
Participation	3
Contributions	3
Refunds	3
Death in Service Benefits	3
Information and Counselling Services	3
Pension Benefits	4
Statement of Receipts and Payments	5
Comparative Statistics	6

Introduction

The Members of the Legislative Assembly Pension Plan was established effective May 7, 1969, by the M.L.A. Pension Act to provide a contributory pension scheme for Members of the Legislative Assembly (MLAs).

The M.L.A. Pension Act was repealed on November 1, 1985 and replaced by the Members of the Legislative Assembly Pension Plan Act. Under the new legislation, policy and administration became the responsibility of the Lieutenant-Governor in Council and the Minister respectively, while the Members of the Legislative Assembly Pension Plan Board was assigned an advisory and appellate role.

Plan Overview

Participation in the Members of the Legislative Assembly Pension Plan is voluntary and MLAs may elect to participate at any time while holding office. It is a contributory defined benefit plan under which the MLA contributes at a rate of 7.5 per cent of the allowance paid with respect to each office held. The Government makes a matching contribution. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the Fund. The Government of Alberta guarantees the payment of all benefits under the Members of the Legislative Assembly Pension Plan.

Those members who retire with at least five years of pensionable service in the office of MLA are entitled to a pension. Those members who retire from an office other than MLA with at least one year in that office and at least five years as an MLA are entitled to a pension in respect of that other office. Pension benefits are based on four per cent of the highest average of pensionable allowances for three consecutive years, times the number of years pensionable service in an office. If the member has an eligible spouse, unless a waiver is signed by that spouse, the pension paid must be in the normal form of pension. The normal form of a pension is payable for the life of the member with a 75 per cent spousal survivor benefit. Single members may elect a life pension, choosing a 5, 10, 15 or 20 year guarantee period. They may also elect a joint life pension based on their life and that of a nominee.

Members may retire at any time if five years of pensionable service has been accumulated. If retirement takes place after age 55, no actuarial reduction is applied to the benefit. The Plan also makes provision for those members who die prior to retirement and have accumulated at least five years of pensionable service. In such cases the surviving spouse is entitled to either a spousal pension or a lump sum benefit. The spousal pension is equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse must accept a lump sum benefit.

Review of Operations

The Members of the Legislative Assembly Pension Plan is administered by Alberta Treasury, Payroll and Pensions.

Automation of and improvement to pension plan activities continued although on a reduced scale. Of particular note was the introduction of an automated Notice of Return for the Legislative Assembly Office resulting in more meaningful pension information in an improved format.

Annual statements containing information on pensionable service, contributions and prior service purchased were produced and distributed through the Legislative Assembly Office to all active members.

Actuarial Liabilities

An independent actuarial valuation carried out at March 31, 1988, estimated the accrued liability of the Members of the Legislative Assembly Pension Plan to be $43,525,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 58.1 per cent.

Participation

At March 31, 1988, there were 90 active contributors under Part 1 of the Act, 26 under Part 2 of the Act and 4 under Part 3 of the Act for a total of 120 active contributors.

Contributions

The schedule below summarizes the member and government contributions for the year ended March 31, 1988.

	Participants At March 31, 1988	Contributions Received		
		Member	Government	Total
		$	$	$
Part 1 of the Act (Members of the Legislative Assembly)	90	258,641	237,447	496,088
Part 2 of the Act (Members of the Executive Council)	26	76,179	76,179	152,358
Part 3 of the Act (Speaker, Deputy Speaker, and Leaders of the Opposition and Recognized Opposition Parties)	4	8,122	8,122	16,244
	120	342,942	321,748	664,690

Note: Contributors under Part 2 and 3 of the Act are also contributors under Part 1 of the Act.

Refunds

No refunds were issued during the year to members terminating office.

Death in Service Benefits

During the year, one member died while in office and the surviving spouse was granted a spousal pension.

Information and Counselling Services

An information brochure for the Members of the Legislative Assembly Pension Plan was prepared during the year. In addition, a regular information bulletin, Pension News, was forwarded to the Legislative Assembly Office.

Pension Benefits

During the year ended March 31, 1988, pension benefits paid totalled $1,953,332, an increase of $103,466 (5.6 per cent) over the previous year. A total of 5 pensions were granted in the categories shown in the table below. Previous year figures are included for comparison.

	1988	1987
Normal Retirement	–	5
Early Retirement	4	42 (16)
Death-in-Service (Spousal)	1 (1)	–
	5 (1)	47 (16)

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Pension options selected by members are as follows:

Member Pensions	At March 31, 1987	New Retire-ments	Benefi-ciaries	Deaths	At March 31, 1988
Normal (life with 75% survivor pension)	112	4	1	(1)	116
Single Life	1				1
Guaranteed 10 years	5				5
Guaranteed 15 years	6		1	(1)	6
Guaranteed 20 years	24				24
Joint Life non-reduced	9				9
Joint Life reduced one-third	3				3
Joint Life reduced one half	2				2
Spousal Pensions					
Guaranteed 5 years	2				2
Guaranteed 10 years	1				1
Guaranteed 15 years		1			1
Guaranteed 20 years	1	—	—	—	1
Total Pensions	166	5	2	(2)	171
Pensions co-ordinated with CPP and/or OAS	52	1	–	–	53

The schedule below categorizes the pensions in effect at March 31, 1988, by dollar value of monthly pension.

Dollar Value Per Month	Member Pensions	Spousal Pensions	Total
$ 1 - 499	38	2	40
500 - 999	52	1	53
1,000 - 1,499	45	2	47
1,500 - 1,999	21	-	21
2,000 and over	10	-	10
	166	5	171

Effective January 1, 1988, a cost of living adjustment of 2.5 per cent was granted to those pensioners in receipt of a pension for one year or more with a proportionately smaller increase granted to those retiring during the year.

STATEMENT OF RECEIPTS AND PAYMENTS
YEAR ENDED MARCH 31, 1988

	1988	1987
	$	$
RECEIPTS:		
Member contributions	342,942	417,061
Government contributions	321,748	324,670
Total receipts	664,690	741,731
PAYMENTS:		
BENEFITS		
Pensions to retired members	1,910,854	1,817,686
Pensions to surviving spouses	42,478	32,180
	1,953,332	1,849,866
WITHDRAWALS		
Refunds of contributions and interest to terminated members	-	35,157
Refunds of excess contributions	-	4,341
	-	39,498
Total payments	1,953,332	1,889,364
Excess of payments over receipts	1,288,642	1,147,633

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years:

(000's)

Fiscal Year	RECEIPTS			PAYMENTS			Excess of Payments over Receipts
	Member	Government	Total	Benefits	Withdrawals	Total	
	$	$	$	$	$	$	$
1987/88	343	322	665	1,954	–	1,954	1,289
1986/87	417	325	742	1,850	39	1,889	1,147
1985/86	324	286	610	1,241	9	1,250	640
1984/85	327	283	610	1,251	–	1,251	641
1983/84	371	266	637	1,230	13	1,243	606